WEEKLY ECONOMIC REVIEW

APRIL 1, 2005

U.S. economic data this week were mixed. March U.S. employment growth fell far short of the 225,000 new jobs expected, with non-farm payrolls rising by only 110,000. However, markets were subsequently buoyed by a strong report on new manufacturing orders from the Institute of Supply Management (ISM), helping the U.S. dollar to recover from losses caused earlier by the disappointing jobs report.

Canadian GDP advanced by 0.2% in January, as retail sales and manufacturing activity rebounded. Although growth was below market expectations, the report contained some signs that the economy is adapting to a higher Canadian dollar.

The Canadian government announced that it will impose a 15% surtax on select import items[1] from the U.S. effective May 1, 2005. The move was in response to the long-running dispute over U.S. import restrictions on Canadian lumber, in which the World Trade Organization has ruled in Canada's favour.

Activity in Alberta's energy sector remained strong in March, with the active rig count

Cdn Dollar (C¢/US$)

Apr 1, 2005	82.3¢
Mar 24, 2005	82.3¢
2004-05	78.4¢

WTI Oil SUS/bbl

Mar 31, 2005	$55.30
Mar 24, 2005	$54.84
2004-05	$45.03

Nymex Natural Gas CS/mcf*

May Contract

Apr 1, 2005	$9.34
Mar 24, 2005	$8.58

*estimate based on Nymex Futures Market Price

15.6% above the latest 10-year average for the month of March. Signs of a slowdown leading up to the annual spring break-up are evident, but activity continues to run ahead (+7.4%) of the record-high pace set in 2004.

Even though U.S. energy inventory data indicated that markets are well supplied, investor anxiety pushed the price of crude higher late in the week. After the release of an investment research note from Goldman Sachs indicating the possibility of a 'super spike' period in oil markets, speculative buying bid prices up above US$55.

[1] cigarettes, oysters, live swine and some fish products

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[2]
Rigs Drilling	March			
	360	-25.4%	-1.2%	7.4%
Industrial Product Price Index (1997=100)	February			
	110.1	1.1%	2.3%	2.8%
Raw Materials Price Index (1997=100)	February			
	135.4	3.1%	11.8%	12.1%
U.S. Employment	March	Gain/Loss from Previous Month (#)	Month/Previous Year's Month (Y/Y)	Y/Y (% change)
		+110,000	+2,140,000	1.6%

Source: Statistics Canada

[2] *Year-to-date 2005 compared to the same time period in 2004. For example: January-February 2005 versus January-February 2004*